

Committee on Ways and Means

Medicare Prescription Drug, Improvement, and Modernization Act of 2003

Immediate Improvements in the Medicare Managed Care Program *Seniors See Lower Costs, More Benefits*

- The Medicare Modernization Act (MMA) is bringing immediate benefits to seniors enrolled in private managed care plans, such as health maintenance organizations and other plans contracting to provide care to Medicare seniors.
- The Centers for Medicare & Medicaid Services (CMS) estimates that Medicare Advantage (MA) plans (private plans formerly known as Medicare+Choice) will see payments increase by 10.6 percent in March 2004. This increase follows several years of limited, 2 percent annual increases, while health care costs rose at double digits rates.
- Plans were required to indicate how they would use this increased funding by January 31, 2004. CMS has not yet reported on plans' intended uses of the increased payments.
 - Plans must use increased payments to enhance benefits, reduce premiums, reduce co-payments, or stabilize future premiums.
 - Plans are prohibited from using the increases to enhance profits.
- The American Association of Health Plans – Health Insurance Association of America (AAHP-HIAA) surveyed plans about their intended uses:
 - More than 93 percent of beneficiaries will see premiums reduced;
 - Over 80 percent will see reduced deductibles and co-payments;
 - More than 60 percent will receive enhanced benefits, such as new or increased prescription drug coverage and preventive screenings.
- Individual plans have announced significant changes:
 - Aetna will reduce premiums to zero in Philadelphia and southern California;
 - PacifiCare will eliminate a \$25 month premiums and reduce the copayment for a doctor's office visit to \$5, from \$15 in Dallas;
 - Kaiser Permanente will cut premiums more than 25 percent in its least expensive plan, and cut co-payments for visits in half in its higher priced plan in Colorado.